

## Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 IO-10 ISO-00 EB-07 AID-05 CIAE-00

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 USIA-06

SS-15 NSC-05 AGR-05 /098 W  
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P R 251323Z MAR 75

FM AMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 6925

INFO USDOC WASHDC

AMEMBASSY LONDON

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: EIND ETRD GH

SUBJ: IMPORT LICENSE BOTTLENECK; INDUSTRY FACES RESTRICTIONS

DEPARTMENT PASS AMBASSADOR BLACK; LAGOS FOR AGATT;  
LONDON FOR HAVERKAMP; GENEVA FOR MTN DELEGATION

1. SUMMARY: SEVERE IMPORT LICENSE SITUATION CONTINUES TO  
BIND ECONOMY AND HAS CAUSED SOME INDUSTRIAL SHUT-DOWNS. GOG  
AWARE OF PROBLEM BUT MOVING SLOWLY. COMMISSIONER FOR  
INDUSTRIES ANNOUNCED WOULD NO LONGER SANCTION NEW  
INDUSTRIES IN ACCRA-TEMA AREA, AND WOULD CUT IN HALF IMPORT  
LICENSES FROM 1976 FOR INDUSTRIES USING IMPORTED RAW  
MATERIALS WHICH COULD BE SUPPLIED LOCALLY. END SUMMARY.

2. GHANAIAN BUSINESS COMMUNITY HAS BECOME INCREASINGLY  
AGITATED AT LACK OF IMPORT LICENSES FOR CY75 WHICH SHOULD  
HAVE BEEN ISSUED LATE 1974 AND IN MANY CASES ARE STILL  
AWAITED. A NUMBER OF INDUSTRIES (E.G., UNION CARBIDE  
LXATTERY PLANT) SHUT DOWN EITHER TEMPORARILY OR UNTIL  
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FURTHER NOTICE, AND VIRTUALLY ALL ARE OPERATING WELL

BELOW CAPACITY, DUE TO SHORTAGE OF IMPORTED RAW MATERIALS AND COMPONENTS. SUPPLY OF IMPORTED PRODUCTS IN MARKET SHOWING SHORTAGES AND EXPECTED TO DRY UP SOON.

3. EVEN GOVERNMENT-OWNED PRESS HAS EDITORIALIZED AGAINST IMPORT LICENSE COTTLENECK. GOG HAS OCCASIONALLY ISSUED STATEMENT THAT LICENSES BEING ISSUED,BUT IN FACT ONLY FEW HAVE BEEN, AND FOR ONLY A FEW MONTHS' NEEDS. A NUMBER OF "LETTERS OF INTEND" HAVE BEEN ISSUED AND EVEN RENEWED FOR IMPORTS,BUT THESE ARE NOT VALID DOCUMENTS TO COMMENCE IMPORT PROCEDURES. FURTHER,BANK OF GHANA HAS BEEN DRAGGING FEET IN ISSUING FOREIGN EXCHANGE COVER EVERN WHEN LICENSES ISSUED, FURTHER DRYING UP THE PIPELINE.

4. GHANA MANUFACTURERS ASSOCIATION (GMA) CALLED "EXTRA-ORDINARY GENERAL MEETING" ATTENDED BY SEVERAL HUNDRED MEMBERS MARCH 19 TO DISCUSS MATTER. COMMISSIONERS (EQUIVALENT TO MINISTERS) FALLI (ECONOMIC PLANNING) AND MINYILA (JUST ACQUIRED INDUSTRIES PORTFOLIO) PRESENT, AND GMA LOST NO OPPORTUNITY TO BADGER THEM ON THIS SUBJECT. FELLI ADMITTED THAT IN 1974 IMPORT LICENSES GOT COMPLETELY OUT OF CONTROL, AND THAT GOG REACTING TO THAT NOW. HE LEFT IMPRESSION, HOWEVER, THAT GOG (OR AT LEAST COMMISSIONERS) STILL UNAWARE OF DEPTH OF PROBLEM AND THAT GOG JUST CRANKING UP TOSOLVE IT.

5. MINYILA, TIRED FROM OVERSEAS TRIP ENDING A FEW HOURS BEFORE, AND ILL-PREPARED, SAID IN OFF-THE-CUFF REMARKS WIDELY REPORTED IN PRESS LATER THAT VIRTUALLY NO PERMISSIONS WILL BE GRANTED TO ESTABLISH NEW INDUSTRIES IN ACCRA-TEMA AREA -- INDUSTRY WILL BE ENCOURAGED TO ESTABLISH ITSELF "IN RURAL AREAS." HE ALSO COMPLAINED ABOUT OVERDEPENDENCE ON IMPORTED RAW MATERIALS, AND ASSERTED THAT BEGINNING NEXT YEAR IMPORT LICENSES WOULD BE CUT IN HALF (BASE UNSPECIFIED) FOR ALL IMPORTS OF RAW MATERIALS WHICH COULD BE "GROWN" IN GHANA.

6. NRC CHAIRMAN ACHEAMPONG PICKED UP THEME MARCH 21, AS REPORTED IN WEEKEND PRESS. ALTHOUGH HE DID NOT RPT NOT LIMITED OFFICIAL USE

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APPARENTLY USE THE FITY PERCENT FIGURE, HE URGED INDUSTRIES TO INVEST IN GROWING THEIR RAW MATERIALS, EITHER DIRECTLY OR THROUGH OTHERS, ESPECIALLY NOTING COTTON, HE MENTIONED ALSO PEANUTS, KENAF,AND TOBACCO. HE SAID AMOUNT OF IMPORT LICENSES GRANTED TO INDUSTRIES IN FUTURE WOULD DEPEND UPON SERIOUSNESS WITH WHICH THEY INVESTED IN RAW MATERIAL PRODUCTION. PRESS QUOTES ACHEAMPONG, "I HAVE SET THIS AS THE PRIORITY TASK OF LT. COL. GEORGE MINYILA, OUR

NEW COMMISSIONER FOR INDUSTRIES, AND IF ANYONE DOUBTED OUR  
SERIOUSNESS IN CARRYING THIS OUT, HE SHOULD BE WARNED THAT  
GEORGE IS A MAN OF ACTION."

7. COMMENT: THE WORDS ARE TOUGH, AND ARE INDICATION  
THAT GOG AT LEAST RECOGNIZES SITUATION SERIOUS. HOWEVER,  
THERE IS STILL NO INDICATION THAT THERE IS TO BE A COLD,  
HARD-HEADED LOOK TAKEN AT TWHAT THE IMPORT PRIORITIES  
ARE AND THAT THEN ONLY THE HIGH-PRIORITY ITEMS WILL BE  
LICENSED. WE FEAR THE DRIFT WILL CONTINUES, INTERSPEERSED  
ONLY OCCASIONALLY BY POLICY PRONOUNCEMENTS LIKE THOSE  
REPORTED ABOVE.  
HANSON

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